

# OPPORTUNITIES FOR SRI LANKAN FOOTWEAR IN UNITED ARAB EMIRATES (UAE)



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## 1. SUMMARY

According to United Arab Emirates (UAE) retailers shoe sales have dropped as consumers continue to hunt for bargains and tourist spending slows; and thus, there will be less opportunity for new entrance to enter the market & sustain.

## 2. MARKET DESCRIPTION

The UAE's footwear market is reportedly worth more than Dh1 billion a year, with leather shoes accounting for about 30 per cent, and the rest belonging to textile, plastic and rubber footwear.

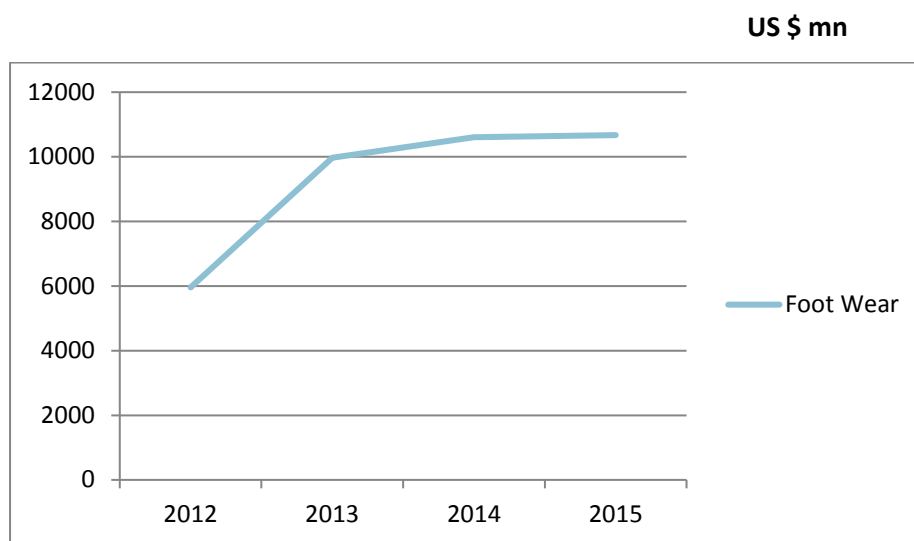
Since the UAE is not home to a huge number of shoe manufacturers due to the lack of local raw materials and labor, retailers source their products from various parts of the world.

The removal of trade barriers through globalization has seen the migration of a significant part of the footwear industry from the West to the Far East, particularly China, one of the UAE's biggest shoe suppliers, nevertheless, indications are that the downturn in Trade has impacted Dubai more than other emirates in the UAE. This seems due to mainly to the decline in tourist numbers and a perceived exodus from the emirate during the recession that the country is currently going through. Even though the sales quantities remain nearly the same, the sales value seemed to be shrunk over the past few years. However, the manufacturers, importers and the retailers of footwear are certain that shoe retail industry would rebound before long, if signs of recovery in the local shopping sector were any indication. Moreover, they seem to be grateful for the Dubai shopping Festival and back to school promotions which had helped cushion the impact of lower consumer spending.

When considering the customer's perspective, it is evident that they have become more promotionally driven and are more drawn towards offers, hence they shop more during DSF, Eid, DSS or any other in-store promotions. Besides, the decreasing number of high spending tourists who visit shopping malls might have definitely affected the sudden shrinkage.

However, despite the decline in revenue, shoe retailers indicated they were still keen to expand their businesses. For an example, Shoe Mart, which has 26 outlets in the UAE, plans to open new stores in the region, Ecco, which has 15 shops in the UAE, also plans to open at least 12 new stores in the region during the next two years.

**Figure: World export trend of foot wear (HS 6406) to UAE**



**Source: Trade map**

### **3. ACTIVITIES OF COMPETITION**

The UAE is used to import footwear not just only from China, but from India and Brazil as well which in turn has resulted in price advantages and a competitive edge. Due to mass production and cheap labor of above furnished countries they have gained the ability to produce and sell the products required by the UAE at a lower price, and yet being able to grab a sufficient profit. Low prices have enabled both the parties to penetrate the market. Then again, the recession that the country is going through have severely affected the whole process.

**Table: Top 10 exporters of foot wear to UAE in 2015**

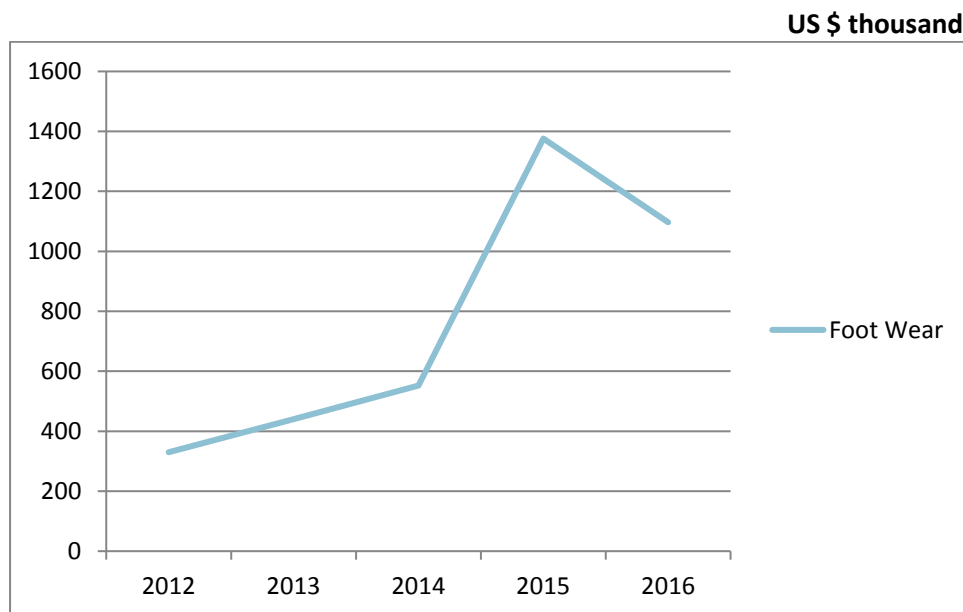
<b>US \$ thousand</b>	
<b>Exporters</b>	<b>Value</b>
India	3,437.00
China	2,200.00
United States of America	1,591.00
Sri Lanka	764.00
Hungary	707.00
Italy	576.00
Germany	314.00
Turkey	165.00
United Kingdom	129.00
Thailand	127.00

**Source: Trade map**

## 4. THE POSITION OF SRI LANKAN GOODS

At present Sri Lanka exports over US\$ 1Mn. worth of footwear annually to the UAE market. It is noted that Sri Lanka exported US\$0.55Mn.worth of footwear in year 2014, whereas exported US\$1.39Mn.worth of exports in year 2015 and 2016 respectively, to the UAE market. Further, majority of those exports are rubber slippers.

**Figure: Export trend of foot wear (HS 64) from Sri Lanka to UAE**



*Source: Sri Lanka Customs*

## 5. CONCLUSION & RECOMMENDATION

Indications showcase that it would not be ideal to enter in to the footwear market at this moment, as the recession is continuously affecting the trade.

As country's oil prices being dropped continuously, the authorities are now attempting further to reduce the impact of oil and gas to the GDP and compensate the forgone by all other means while diversifying the economic activities .In this process, real estate and construction activities, transportation etc. seem to have lot to do to boost the non-oil economy of the country.

When considering exporting rubber based products from Sri Lanka ,it is observed that the interest in the market is growing for casual high quality footwear mainly made out of natural rubber and it is considered to be possible for high quality Sri Lankan footwear made out of natural rubber to enhance its market share through partnering with correct importers in the market .Further ,it is

noted that the domestic demand in the market is growing for rubber products that is frequently used in construction projects (eg: Rubber gloves, boots, Rubber mallets) and transportation (eg: fireproof rubber parts such as seals ,gaskets, mats ,and hose)

#### **Sources**

1. Dubai International Boat Show Market Report – 2017
2. The World of yachts.com-28<sup>th</sup> June,2016
3. The World of yachts.com-2015
4. [www.bq-magazine.com](http://www.bq-magazine.com)
5. Dubai chamber of commerce website

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